

ADDRESS, NATIONAL PRESS CLUB*TRANSCRIPT**26 May 2020**Prime Minister**E&OE*

PRIME MINISTER: Well thank you very much Sabra.

I begin by acknowledging the Ngunnawal people, their elders past, present, and those who are emerging.

Can I also acknowledge any servicemen and women and veterans who may be joining us today either here or through the broadcast and can I simply say to you, thank you for your service.

A year ago I said: “How good is Australia” and “how good are Australians.”

And over the past year, Australians have proved this time and again.

We are an amazing country.

A view shared by all of my Government, I’m sure all of the parliament, my colleagues here with me today, the Deputy Prime Minister, the Treasurer, the Leader of the Government in the Senate, my many colleagues, we believe this passionately.

Australians have stood up, Australians are proving once again that we are capable of doing extraordinary things, but in a very Australian way.

I am thankful for the many sacrifices Australians have made to get us to this point.

But I am also grateful at a personal level for the time taken by those to share their experiences directly with me during this crisis.

Almost 100,000 Australians have written to me in the past couple of months.

So many have suffered and they continue to hurt, right here and right now - lost jobs, reduced hours, seeing their family businesses shut, having to close those doors, or retirement incomes shrink. Loved ones kept apart.

It has been a time of great uncertainty as Australians have had to come to terms with the sudden and profound changes happening to their lives.

Greg is a chef with six kids in Sydney, he wrote to me about his business suffering from the restrictions, saying that everything he has worked for is at risk.

Sue from Jimbooma, told me that other than a first home owners grant, she had never received a cent from the government. JobKeeper has saved her business, she said, and she just wanted to say thank you.

Anthony, not the one you're thinking of, but quite genuinely Anthony from Western Australia, he sent me his wedding photo. His wife of 50 years had just passed away. He said his wife "was the most caring person you could ever meet" and he was absolutely heartbroken that he couldn't give her the send-off she deserved. Of all the things, of all the decisions we have taken, that was undoubtedly the hardest.

And I received an email from three children in Western Australia that completely floored me, their father is terminally ill. They told me they understood their Dad's funeral would have to be small. They wanted me to know they were ok with that - because it will help keep the hospitals available for other patients with cancers and diseases.

That's incredible, our people are amazing.

And there was Rebbecca, a young woman, who is also terminally ill and sent me a handwritten letter, just wanting to let me know she was praying for me every day.

And then there's Thai, from Traralgon and he wrote this "we just need someone to fire the starter's gun on the economy. Someone to say, 'on your marks, get set, go'.

I've got good news.

Today I want to talk about that recovery.

Because that is what millions of Australians are now relying on.

And there is reason to hope.

Australia is weathering this storm better than many and better than most. Indeed, together with a handful of nations we have led the world in this response.

Our response has followed a clear plan to save lives and save livelihoods, with strong and coordinated leadership across all governments, brought together through the innovation of the National Cabinet.

Firstly in that plan, fight the virus and save lives.

On the health front this has meant closing our borders early, imposing strict isolation and quarantine for returning Australians, introducing tough social distancing rules and reluctantly having to close business.

We built up our medical stockpiles of masks and medicines, we tripled the critical care capacity in our hospitals getting the respirators our hospitals need, and our testing regime led the world.

We built a health detective workforce to track and trace every case, now supported by the more than 6 million Australians who have downloaded the COVIDSafe App.

This decisive response has helped Australia to suppress the virus and avoid the scale of devastation, infection, and death seen in many other countries around the world.

We should not downplay this, this achievement and pretend like the risk never existed, or that our preparations or our precautions were unwarranted. Let me assure you, Australia, the risk was great and uncertain and it still is.

Countries like ours, developed sophisticated economies with strong health systems, have experienced death rates more than 100 times what we have experienced here in Australia.

The fact our worst case scenarios have not not been realised is cause for great relief, not apathy.

Second, we have bought ourselves precious time in our plan – not just to build up health system response capacity, but to put in place the economic lifelines needed to cushion the cruel economic blow of the virus.

JobKeeper, JobSeeker and our business cash flow measures, the stimulus payments to other beneficiaries and pensioners, have provided the vital economic bridge for so many businesses and workers.

There are more than 5 million Australians directly benefiting from these payments.

At a now anticipated direct cost of more than \$150 billion in just six months, all borrowed, all of it, against future tax revenue. These supports can only be temporary.

It was William Green, the leader of the American Federation of Labour who said during the Great Depression in 1934: “we cannot indefinitely support one sixth of our population on money borrowed against future taxes”.

That was a Labour leader in the Great Depression.

With tangible success on the health front and economic lifelines now in place, we have now embarked on the next stage of our plan and that is to reopen our economy.

The National Cabinet’s three-step plan for a COVID safe Australia is now being implemented and great progress is being made. It is anticipated that all three steps will be completed across the country in time in July.

According to Treasury, this three-step plan will see some 850,000 jobs ultimately restored once the full impacts are realised in the months that follow.

Success in this current phase will certainly not be easy. It cannot be assumed as we go through this process. It will not be business as usual. Opening up will be harder than closing down.

We will all have to have to retrain, to live and work in a way that creates a sustainable COVIDSafe economy and society as you are indeed doing here today.

SafeWork Australia is providing the tools to help businesses and employees alike to make these changes.

All of us are in uncharted territory. There will be inconsistencies, there will be frustrations. There will be trial, there will be error.

During this time we can also sadly expect unemployment and underemployment to rise before it falls. Debt and deficits to rise sharply, as costs rise and revenues fall.

This will test our confidence and our resolve.

That is why the reopening of our economy must be followed by a concerted effort to create momentum and to rebuild confidence.

This will provide the platform to reset our economy for growth over the next three to five years, as Australia and the world emerges from this crisis.

The overwhelming priority of this reset will be to win the battle for jobs.

The Budget later this year, which the Treasurer will bring down, will play an important part in this reset.

The backdrop for that Budget will be one of the starkest our country has seen.

The most challenging domestic and global economic environment we have faced outside of wartime.

But we should remember that this event, these difficult times were not caused by economic failure, but a global health pandemic. The problem was not the economy.

And we should be encouraged that we have restored jobs and rebalanced our Budget before.

Prior to the COVID crisis, more than 1.5 million jobs had been created right across the country, as we had promised, and the Budget had been restored to balance from chronic deficits.

Our biggest gains were made by females in our workforce, who have been particularly impacted I should stress by this crisis. Female workforce participation rose to record levels and the gender pay gap fell to record lows.

So Australia, we have done this before and we can do it again, together.

Our confidence is building, with consumer confidence climbing back 80 per cent in the past eight weeks off the dramatic fall.

We must start though by working together, and this is where we start, by restoring the jobs that have been lost.

We need a JobMaker plan for a new generation of economic success, that can guarantee the essentials that Australians rely on.

As we reset for growth, our JobMaker plan will be guided by principles that we as Liberals and Nationals have always believed in, to secure Australia's future and put people first in our economy.

Firstly, we will remain in Australia an outward-looking, open and sovereign trading economy.

We will not retreat into the downward spiral of protectionism. To the contrary, we will continue to be part of global supply chains that can deliver the prosperity we rely on to create jobs, support incomes and build businesses.

Our economic sovereignty will be achieved by ensuring our industries are highly competitive, resilient and able to succeed in a global market. Not by protectionism.

While a trading nation, we will never trade away our values or our future for short-term gain.

With trade, alliance and other partners we will work to establish and maintain the balance needed for peace and stability in our region that upon which everyone's prosperity depends.

Secondly, is the principle of caring for country, a principle that indigenous Australians have practiced for tens of thousands of years.

It means responsible management and stewardship of what has been left to us, to sustainably manage that inheritance for current and future generations.

We must not borrow from generations in the future, from what we cannot return.

This is as true for our environmental, cultural and natural resources as it is for our economic and financial ones.

Governments therefore must live within their means, so we don't impose impossible debt burdens on future generations that violates that important caring for country principle.

Thirdly, we must seek to leverage and build on our strengths.

An educated and highly-skilled workforce that supports not just a thriving and innovative services sector, but a modern, competitive and advanced manufacturing sector.

Resources and agricultural sectors that can both fuel and feed large global populations, including our own, and support vibrant rural and regional communities. I know the Deputy Prime Minister would agree thoroughly. A

financial system that has proved to be one of the most stable and resilient in the world. World leading scientists, medical specialists, researchers and technologists. An emerging space sector. And so much more.

Fourthly, we must always ensure that there is the opportunity in Australia for those who have a go, to get a go.

This is our Australian way.

Access to essential services, incentive for effort, respect for the principles of mutual obligation. Ensuring equal opportunities for those in rural and regional communities to be the same as those in our cities and our suburbs.

All translated into policies that seek not to punish those who have success, but devise ways for others to achieve it.

And then there's the fifth principle, what I like to call the Sir Peter Blake principle, I spoke to Jacinda Ardern this morning, doing what makes the boat go faster.

Now, my colleagues are very familiar with this principle. Many years ago I worked in New Zealand, where I looked after the Government's then engagement with Team New Zealand 2000 America's Cup Defence.

Team New Zealand, led by the late Sir Peter Blake, was competing in one of the richest sporting events in the world. The biggest sponsors, enormous global media investments, broadcast rights, high tech sport like you've never seen. You would think no expense spared by any team in that great quest.

But early on I learned the key to Team New Zealand's success.

At one of our early meetings we met at their headquarters in Auckland, there was a fella called Alan Sefton who was their head of their corporate operations, and we sat on, around on rickety old chairs and there was this scuffed up table, the office looked like it had been saved from demolition.

I noted the surroundings, and Alan responded by saying that in Team New Zealand you only ask one question - "What makes the boat go faster?"

Those chairs wasn't going to make any difference, nor their accommodations.

And their united and focussed effort brought a whole country together, not just the team. And they won and so can we.

This health and economic crisis has reminded us of just how much we depend on a strong and growing economy for our jobs, for our incomes, for our health and education services, our safety, our security, our social safety net of which we're so proud.

To strengthen and grow our economy, the boats we need to go faster are the hundreds of thousands of small, and medium and large businesses that make up our economy and create the value upon which everything else depends.

Value created by establishing successful products and services, the ability to be able to sell them at a competitive and profitable price and into growing and sustainable markets. It's economics 101.

That's what happens in a sustainable and successful job making market economy.

Now, it is true that in the short term, demand stimulus by government can boost your economy. And that the Treasurer and I together with the Cabinet have supported this as an emergency response. But it must only be temporary.

At some point you've got to get your economy out of ICU.

You've got to get it off the medication before it becomes too accustomed to it.

We must enable our businesses to earn Australia's way out of this crisis.

And that means focussing on the things that can make their businesses go faster.

The skilled labour businesses need to draw on, the affordable and reliable energy they need, the research and technology they can draw on and utilise, the investment capital and finance that they can access, the markets they can connect to, the economic infrastructure that supports and connects them, the amount of government regulation they must comply with, and the amount and the efficiency of the taxes they must pay, in particular whether such taxes encourage them to invest and to employ.

Now that is the change agenda of our JobMaking plan, to enable Australia to emerge from this crisis and set up Australia for economic success over the next three to five years.

Skills, industrial relations, energy and resources, higher education, research and science, open banking, the digital economy, trade, manufacturing, infrastructure and regional development, deregulation and federation reform, a tax system to support jobs and investment.

Now the challenges are enormous and you'll be pleased to know I'm not going to go through all of those this afternoon. But wherever possible, I can assure you of this, I will seek to bring people together to define and achieve the change we need to in all of these areas.

And today I just want to focus on just two areas - skills and industrial relations.

I will address the many other components of our JobMaker plan in the weeks and months ahead, as we proceed to the Budget in October. A process that is one of patiently putting each brick in the wall.

This will occur simultaneously with managing the ongoing pandemic, let's not lose sight of that, and addressing the right here, right now, needs of Australians who continue to be severely impacted.

So on skills, we need Australians better trained for the jobs businesses are looking to create because that's important.

Off the back of the Joyce Review and my conversations with Premiers and Chief Ministers, and of course the Minister for Skills Michaelia Cash is here today, we can bring these matters to the fore in coming months in the name of creating jobs.

At a federal level, we are focusing on three key issues.

Firstly, the complexity of a system that is clunky and unresponsive to skills demands. Ask any business, they will tell you that.

The lack of clear information about what those skills needs are, now and into the future to guide training and funding, ask any student and their parents about what they think about the system and whether they are getting value out of it and they'll tell you.

A funding system marred by inconsistencies and incoherence, with little accountability back to any results. Currently, the average timeframe to develop or update training products is 18 months, with a third taking over two years to update.

For prospective students, the large number of choices that they face for qualifications can be bewildering and overwhelming. Compounded by a lack of visibility over the quality of training providers and the employment outcomes for those courses.

There are over 1,400 qualifications on offer and almost 17,000 units of competency.

There is also substantial variation in fees for students depending on which state they are in.

For example, in 2019, a student undertaking Certificate III in Blinds, Awning and Security Screens received a subsidy of \$3,726 in Queensland, \$9,630 in New South Wales and no subsidy in Victoria unless the qualification is taken as an apprenticeship. Now, I'm not making any comment on each of the individual measures but there is a wide variety.

Subsidies for a Diploma of Nursing in 2017 varied between \$19,963 in Western Australia and \$8,218 in Queensland. And all of this is before the question surrounding the quality of that training is addressed.

No surprise then that state-subsidised students in Queensland incur VSL debts that are on average more than double that of NSW subsidised students.

It is no wonder that when faced with this complexity, many potential students default to the university system, even if their career could be best enhanced through vocational education. I want those trade and skills jobs to be aspired to, not looked down upon or seen as a second best option, it is a first best option.

To address this challenge, we have embarked on a series of Skills Organisation Pilots they are designed to give industry the opportunity to shape the training system to be more responsive to their skills needs and take responsibility for qualification development.

Industries defining the quals.

Three pilots have been established - in human services, digital technologies and mining - and they have already begun to show the benefits of this system. We need to move forward on many, many more.

The human services pilot was actually used to lead development of a national skill set to help boost the aged care and disability support workforce during the COVID-19 pandemic and recovery phase and this work was delivered much faster than under the old arrangements that were progressed under the previous VET schemes.

The National Skills Commission has been established under Adam Boyton's leadership, and will now provide detailed labour market analysis, including an annual report each year setting out the skill needs of Australia, replacing those existing lists for apprenticeships and skilled migration.

This will be supplemented by the publication of closer to real time data on the labour market drawing on emerging data sets, such as single-touch payroll, to flag emerging skills shortages and other labour market trends and pressures.

The Commissioner's analysis is what will also help, this is important, students with their career and training choices via the National Careers Institute (NCI), by giving them the most accurate and comprehensive data on where skills gaps and jobs are. Equipping employers, equipping employees, equipping students and their families.

Information from the National Skills Commission will be publicly available and should inform government and private investment in the system, including VET subsidies and a new national skills funding agreement.

All comes back to money. The current National Agreement for Skills and Workforce Development between the states and the Commonwealth is fundamentally flawed and it has to change.

By law, the Commonwealth must hand over to the states and territories \$1.5 billion every year in untied funding every year – with no end date and no questions asked.

The Commonwealth has no line of sight on how states use this funding.

The agreement has also been ineffective in maintaining state investment in these schemes.

VET funding across all jurisdictions with the exception of Tasmania – has fallen by 25 per cent on average over the past decade in real terms, on a working age per capita basis.

So it's time to make some changes.

- Better linking funding to actual forward looking skills needs, based on what businesses need.
- Simplifying the system, reducing distortions and achieving greater consistency between jurisdictions, and between VET and universities.
- Increasing funding and transparency and performance monitoring. Taxpayers, students and employers should know where the money is going.
- And better coordinate the subsidies, loans and other sources of funding, we've got to make the valuable support that is provided is going where it needs to go.

Now, our national hospital agreement actually provides a good model for the changes that I would like to advance. Incorporating national efficient pricing and activity based funding models would be a real step forward.

And this is a system I've made very clear to Premiers and Chief Ministers that my Government would be prepared to invest more in, but throwing more money into a bad system doesn't get you results.

Now, on industrial relations. I've been genuinely heartened by the constructive approach of employers, employees, business groups and unions working together with the ACTU through this crisis to find practical solutions to keeping Australians in jobs.

We now need to turn that into cooperation to create even more jobs, especially during this all important recovery phase.

Our current system is not fit-for-purpose, especially given the scale of the jobs challenge that we now face as a nation.

Our industrial relations system has settled into a complacency of unions seeking marginal benefits and employers closing down risks, often by simply not employing anyone.

The system has lost sight of its purpose - to get the workplace settings right, so the enterprise, the business can succeed, so everybody can fairly benefit from their efforts and their contributions.

It is a system that has to date retreated to tribalism, conflict and ideological posturing.

No side of that debate has been immune from those maladies. This will need to change or more Australians will unnecessarily lose their jobs and more Australians will be kept out of jobs.

The first step is to get everyone back in the room. To bring people together. That's our job. And in particular, that's my job.

No one side has all the answers, employees or employers. Unions or employer organisations.

It is not beyond Australians to put aside differences to find cooperative solutions to specific problems, especially at a time like this.

The extent of the damage wrought by Covid-19 on the Australian economy, and the enormity of the challenge we now face to get Australians back into jobs, means the policy priorities for recovery will be different to those in place before this crisis.

We now have a shared opportunity to fix systemic problems and to realise gains as a matter of urgency to get more people back into work.

Now, beginning immediately, the Minister for Industrial Relations, the Attorney-General, Christian Porter will lead a new, time-bound, dedicated process bringing employers, industry groups, employee representatives and government to the table to chart a practical reform agenda, a job making agenda, for Australia's industrial relations system.

The Minister will chair five working groups for discussion, negotiation and, hopefully, agreement to produce that JobMaker package in the following areas.

- Award simplification, what most small and medium sized businesses deal with with their employees every single day.
- Enterprise agreement making. We've got to get back to the basics.
- Casuals and fixed term employees, made even more prescient by recent changes through the Fair Work Commission.
- Compliance and enforcement. People should be paid properly and unions need to obviously do the right thing, as must employers.
- Greenfields agreements for new enterprises, where the new investment will go and the certainty is needed more so than ever.

Membership of each group will include employer and union representatives, as well as individuals chosen based on their demonstrated experience and expertise and that will include especially small businesses, rural and regional

backgrounds, multicultural communities, women and families.

This process, as I said, will be time-bound and is expected to run through to September. We must make the most of this time we have and we must move quickly. It will become apparent very quickly if progress is to be made.

The working groups will either reach something approaching a consensus on issues or they won't. But we've got to give it a go. Participation in the groups is being invited without prejudice to their positions.

Ultimately it will be through the Government that will take forward a job making agenda from this process.

The purpose is simple and honest, to explore, and hopefully find, a pathway to sensible, long-lasting reform with just one goal - make jobs.

To maximise the opportunity for a genuine course of negotiation, and compromise and cooperation that is vital to create jobs and chart an economic path back to what is mutually beneficial prosperity; in good faith we've decided that the government will not pursue a further vote in the Senate on its Ensuring Integrity Bill.

Not pursuing a further vote though, I hasten to caution, on this Bill, does not reflect any change or lack of commitment to the principle that lawful behaviour of registered organisations should be strictly required on all work sites in Australia.

The government maintains its complete lack of tolerance for the kinds of behaviour we have particularly seen from the CFMMEU on Australian construction sites in recent years. It's not only illegal, it's costing jobs.

Given how critical the construction sector will be to the task of rebuilding the Australian economy, the government remains committed to ensuring the law breaking stops. We are committed to ensuring that this happens in the simplest, fairest and most effective statutory form possible, which we will consider going forward.

But our first, the here and now priority, what we have to do right now, is to take this opportunity to work together through a genuine good faith process to get some real outcomes, to make the jobs that Australia needs.

Now in conclusion, businesses and workers are innovating their way through this crisis.

Doctors are now prescribing online like never before, many workers I suspect will continue to work from home where it works for them and their employer, cafes and pubs are plotting out safe distances for their customers to dine, distilleries are making hand sanitiser.

Now, many of these innovations will stay, some will change, and others will come along.

But our JobMaker agenda will harness and support that innovation and the partnerships that are now being created.

We will get Australians back to work. We will restore our nation's finances. We will continue to guarantee the essential services that Australians rely on.

Because we have done it before and we will do it again, and we will do it together.

Together we are facing down this crisis as Australians and we are doing so as a successful, vibrant and liberal democracy. Open and transparent, just and fair, noble and compassionate, never willing to sacrifice the most vulnerable.

This is our greatest strength. How good is Australia!

Thank you very much.

PRIME MINISTER OF AUSTRALIA

The Hon Scott Morrison MP